

Government May Continue Covid-Like Fertiliser Subsidy to Shield Farmers from Price Rise

Mumbai: Union Finance Minister **Nirmala Sitharaman** has indicated that the government may continue to protect farmers from rising global fertiliser prices by maintaining stable retail rates, similar to the approach followed during the COVID-19 period.

Speaking at an industry event, the minister highlighted that during the pandemic, despite a sharp increase in international fertiliser prices, the government ensured an uninterrupted supply and did not pass on the additional cost burden to farmers.

Rising Global Fertiliser Prices

The statement comes at a time when fertiliser prices have surged globally due to geopolitical tensions in West Asia.

- **Urea prices** have increased from around **\$460 per tonne to nearly \$850 per tonne** since early March.
- **Di-ammonium phosphate (DAP)** prices have also risen by **25–50%**, reaching approximately **\$850–1,000 per tonne**.

These two fertilisers are among the most widely used in Indian agriculture, making price stability crucial for farmers.

Government Steps to Manage Subsidy Burden

To manage rising costs, the Union Cabinet recently approved a **10–21% increase in subsidy rates** for non-urea fertilisers under the nutrient-based subsidy (NBS) scheme for the **Kharif 2026 season**.

This move is expected to cost the government around **₹41,534 crore**, reflecting increased fiscal pressure due to higher import costs.

Supply Chain Challenges

India's fertiliser supply is significantly dependent on imports, especially from West Asia, which accounts for:

- **20–30% of urea requirements**
- **Around 30% of DAP imports**
- A major share of **LNG imports**, a key input for urea production

Additionally, disruptions in the supply of raw materials like **ammonia, sulphur, and sulphuric acid** have impacted domestic fertiliser production.

Pressure on Subsidy and Production

The fertiliser subsidy bill continues to remain high:

- Estimated at **₹1.7 trillion for FY27**
- Already exceeded **₹1.88 trillion in FY26 (by February 2026)**

At the same time, domestic production has declined:

- **Urea production** fell nearly **27% year-on-year in March 2026**
- **Phosphatic and potassic fertiliser output** dropped by **16–24%**

Impact on Farmers

By keeping fertiliser prices stable despite global increases, the government aims to:

- Protect farmers from rising input costs
- Ensure timely availability of fertilisers
- Maintain agricultural productivity during the Kharif season

Strengthening Farmers' Access to Market Networks

Policy decisions around fertiliser subsidies directly impact farming costs and profitability. In this context, platforms like [KisanSabha](#) play a practical role by helping farmers stay connected with dealers, transporters, and other stakeholders across the agricultural supply chain.

By enabling better communication and access to market-related information, such platforms support farmers in managing their agricultural activities more efficiently and exploring better selling opportunities in changing market conditions.